March 31, 2026

Vivriti Fixed Income Fund- Series 3 IFSC LLP: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount ($ million)	Current Rated Amount ($ million)	Rating Action
Long-term fund based – Term loans	5.00@	5.00@	[ICRA]AA+ (Stable); reaffirmed

**Instrument details are provided in Annexure I*
@Equivalent to Rs. 42.00 crore

Rationale

Vivriti Asset Management Private Limited {VAM; rated [ICRA]A- (Stable)} is the sponsor as well as the investment manager for Vivriti Fixed Income Fund – Series 3 IFSC LLP. The vehicle is also known as Vivriti India Retail Assets Fund (VIRAF/the fund). The close-ended fund's term began in March 2023 (initial closing) and will expire upon the completion of 10 years from the date of initial closing (March 2033). The Fund Size is $250 million (with $75 million as equity and $175 million as debt). Till date, five international financial institutions have sanctioned a term loan of $115 million in the fund while a global investment manager has provided it with the requisite capital commitment of $75 million. Further, the investment manager has committed $1.5 million in the form of FME[1] contribution.

The rating reaffirmation factors in the established track record of the Vivriti Group (the Group) in the financial sector. VAM has scaled up its assets under management (AUM) steadily to Rs. 4500+ crore as of December 2025. The company benefits from the Group's institutional capabilities, with Vivriti Capital Limited (VCL) providing strategic oversight, governance support, and operational synergies. Further, VCL's AUM stood at Rs. 10,784.2 crore as of December 2025 with exposure to financial service entities, non-financial enterprises, co-lending/partnership arrangements, investment in pass-through certificates (PTCs), purchase of retail asset pools and supply chain finance, demonstrating a proven track record in the successful underwriting of entities in the financial sector.

The rating also considers that the fund would invest at least 80% in senior PTCs while the balance would be invested in senior, secured and rated non-convertible debentures (NCDs). ICRA notes that the Indian securitisation market has been growing at a healthy pace in recent years with limited instances of default to senior investors. Further, the fund has certain guardrails relating to the selection of originators[2] and selection/structuring of PTCs, which would cushion the credit quality of the underlying instruments. Additionally, comfort is derived from predefined trigger events, which would lead to the early amortisation of the PTCs in case of a deterioration in the originator's profile. Moreover, the fund expects to maintain certain required loan-to-value (LTV) ratios during its tenure, the breach of which would result in a stop-loss trigger event. The rating also factors in the well-defined waterfall mechanism, which states that the payouts to the investment manager and unitholders are subordinated to that of the lenders.

The rating, nonetheless, remains constrained by the moderate credit risk that would be carried by the fund's investments as the underlying instruments would consist of A- category (at least 70%) and BBB/BBB+ (at most 30%) rated instruments. Further, the originator-level concentration could be high as the maximum possible share of the originator in total investments can be upto 7% at fund size of ~$160 million as on January 2026 payout date. However it is expected to gradually reduce to 4.5% as the fund scales up in size of $250 million. Further average concentration as on January payout date is ~3.25%. Also, at least 80% of the investments would be in PTCs backed by retail pools. This would limit the role of the originator to that of a servicer

[1] *Fund management entity*
[2] *Entities which originate loans that are securitised through the PTC route*

which, in an event of default, could be taken over by another entity such that the collections from the pools continue but with some impact.

The fund would be exposed to foreign currency risk since the debt would be raised in US dollars while the investments would be in Indian rupees. Further, a part of the debt raised by the fund is linked to the secured overnight financing rate (SOFR), thereby exposing it to interest rate movements. However, the currency and interest rate risk would be partially mitigated by the hedging strategies undertaken by the fund to manage the same. Additionally, the fund will expire upon the completion of 10 years from the date of initial closing while the tenure for majority of the term loans is expected to be around four years, which would result in refinancing risk for the fund. Only the interest is serviced for the term loans during the moratorium period (minimum 30 months from each drawdown) while the principal repayments will be made in equal instalments over 9 to 18 months. ICRA notes that as long as the fund's investments are in debt instruments of similar tenures, the cash flows from the underlying assets would be sufficient to meet the debt repayments.

The Stable outlook is based on the expectation that healthy cash flow cover would be available supported by credit quality of the underlying portfolio as per the investment criteria.

Key rating drivers and their descriptions

Credit strengths

Track record of the Group in financial sector space: VAM was set up in February 2019, as the AMC arm of Vivriti Capital Private Limited. It invests in performing credits within the mid-market enterprises segment. The company has a relatively modest track record in the fund management business, with its first fund launched in 2020. As of February 2026, VAM has cumulatively deployed over Rs. 10,000+ crores across investment strategies, while raising total investor commitments of Rs. 7,800+ crores from a diversified base of more than 1,700+ investors.

The company benefits from the Group's institutional capabilities, with Vivriti Capital Limited providing strategic oversight, governance support, and operational synergies. VAM has a dedicated team of around 70+ professionals across fund management, credit, sales, products, operations, legal, compliance, and support functions, while also leveraging shared service arrangements with VCL for select enabling functions such as data sciences, finance, and HR.

Credit quality of underlying instruments underpinned by stringent investment criteria – The Fund predominantly invests in Indian asset-backed securities (ABS) where, as per the fund level investment criteria, at least 80% of the AUM is to be invested in senior PTCs while at most 20% is to be invested in senior, secured and rated NCDs. The Fund's investments would carry moderate credit risk as it will invest at least 70% of the AUM in instruments rated in the A-category while the balance is to be invested in instruments rated BBB/BBB(SO) and BBB+/BBB+(SO). Additionally, the fund has certain guardrails relating to the selection of Originators and selection/structuring of PTCs which aids in mitigating the Originator risk and investment risk. For instance, the total credit enhancement (CE), which shall consist of over-collateralisation (OC) and cash collateral (CC), shall be at least 12% (as a % of the senior tranche of ABS), while the CC (as a % of the senior tranche of ABS) shall be at least 5%. Further, total CE at an average of 15% is expected to be maintained across all the PTCs in the Fund.

The fund will also monitor the performance of the originators, whereby the occurrence of any predefined trigger event would result in a turbo mechanism, i.e. the excess interest spread (EIS) in the PTCs will be used to prepay the PTC principal amount instead of flowing back to the originator.

ICRA notes that the Fund has completed 18 months from the date of first investment and has also achieved a higher AUM. Accordingly, the Fund is now operating under the revised permissible loan-to-value (LTV) cap of up to 70% from earlier 50%. ICRA notes that the increase in leverage is in line with the envisaged business philosophy. As of January 2026, there is sufficient buffer available within the permissible LTV limits.

ICRA notes that if the LTV ratio remains more than the applicable required LTV ratio for a continuous period of 90 days, a stop loss trigger event is deemed to have occurred. This would result in the sale of the investments on a best-effort basis and/or the utilisation of the proceeds from all the investments for the immediate repayment of the loan and/or the cessation of undertaking any new investment.

Limited instances of default in Indian securitisation market – The overall securitisation volumes (PTC + DA) grew by approximately 2% YoY, reaching Rs. 1.87 lakh crore in 9M FY2026. Volumes in 9M FY2026 can be attributed to a few large corporate transactions. PTCs comprised nearly 63% of the total securitisation volume in 9M FY2026, continuing a trend that has persisted since FY2024**.** As the domestic securitisation market continues to grow, it has also been underpinned by healthy pool performance across various asset classes and adequate credit enhancements in structures resulting in minimal downgrades. Ratings for securitisation transactions have generally been upgraded over the course of their tenure. This is due to the intrinsic features of the transactions, which have led to increased credit enhancement cover due to the amortisation of the underlying instruments.

Strong cashflow cover expected – The fund will follow a well-defined waterfall mechanism for the distribution of proceeds to various stakeholders. As per this mechanism, the payouts to the investment manager and unitholders are subordinated to that of the lenders. While any fund expenses, including hedging expenses and margin costs payable on the debt, would be senior compared to the payments made towards interest and principal payments to the lenders, expenses related to hedging and margin costs on the equity portion would be subordinated to that of the lender payments. The monthly cash inflows are expected to be in the range of 1.25-1.75x[3] of the monthly debt to be serviced during the periods of principal repayments, supported by the staggered nature of the debt repayments and the expected shorter maturity of the investments (~18 months). Further, the fund is required to maintain a liquidity reserve, which is linked to its weighted average monthly collection efficiency, providing a cushion upon the commencement of the principal repayments to the lenders.

Credit challenges

High sectoral and originator-level concentration – The fund would have high sectoral concentration as the investments would be made to lending institutions, though the same will be across different asset classes, namely micro, small and medium enterprises (MSMEs), microfinance institutions (MFIs), education loans/skill-based loans, two-wheelers (2Ws) and commercial vehicles (CVs). The fund is expected to limit the maximum exposure to a particular sector at 40%. Its investment would carry moderate credit risk as the underlying investments would largely be made in A- category (at least 70%) and BBB/BBB+ (at most 30%) rated instruments. Further, the originator-level concentration could be high as the maximum possible share of the originator in total investments can be upto 7% at fund size of ~$160 million as on January 2026 payout date. However it is expected to gradually reduce to 4.5% as the fund scales up in size of $250 million. Further, average concentration as on January date is ~3.25%. Also, at least 80% of the investments would be in retail pools, which would limit the role of the originator to that of a servicer. In the event of default, the servicing role can be taken over by another entity such that the collections from the pools continue but with some impact.

Foreign currency risk – The fund is exposed to foreign currency risk as the funds would be raised in US dollars while the assets invested in would be in Indian rupee. However, the fund has a hedging policy, which establishes guidelines to manage this risk. As per the policy, a combination of derivative products such as forwards, options and swaps would be used to hedge the risk. Also, the fund would keep the principal and interest exposure of the debt component hedged throughout. ICRA also notes that all the hedging transactions will be undertaken after the requisite approvals from the Product Committee, which consists of the Chief Executive Officer (CEO) and the Chief Investment Officer (CIO) of the investment manager. Additionally, the fund envisages diversifying its hedging transactions across multiple banks to reduce any counterparty risk.

Interest rate risk and refinancing risk – The debt raised by the fund is linked to the SOFR, thereby exposing it to interest rate movements, though it may use hedging strategies such as interest rate swaps to reduce the impact of adverse interest rate movements on its returns. While the Fund has a defined life of 10 years, the underlying debt facilities have shorter tenors,

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[3] Calculated for leverage of 2.33x assuming fund size of $250 million; along with assumption of 7.5% interest cost, average investment tenor of 24 months, average yield on investments of ~12.5%

with earlier borrowings having an average maturity of around 45 months and recent borrowings extending up to 72 months, thereby introducing refinancing considerations. Nevertheless, refinancing risk is moderated by staggered debt maturities, a structured repayment schedule, and the nature of the asset portfolio, wherein around 85% of the investments run down within approximately 15 months. Additionally, the Fund's largely unsecured PTC exposures typically mature within 1.5–2.0 years and generate monthly cash inflows, which supports adequate liquidity for servicing obligations and limits asset-liability mismatches.

Liquidity position: Adequate

As of end of January 2026, the liquidity position is adequate with liquidity reserve of ~2,75,000 USD against which the fund has debt repayments of $28 million over the next 1.5 years. The liquidity profile is also supported by virtue of the fact that principal repayments for the majority of lenders are scheduled to commence 30 to 36 months after drawdown, with 30 months being the minimum gap before repayment begins. The expected cashflows from its investments and the buildup in the liquidity reserve would support the debt repayments going forward.

Rating sensitivities

Positive Factors – Rating could be upgraded following a demonstrated track record of the fund performance while ensuring the investment criteria has been maintained.

Negative Factors – Pressure on the rating could emerge due to non-adherence to the investment criteria or terms of debt or severe deterioration in the credit quality of the underlying investments.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Collateralised Debt Obligations Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the fund

Vivriti Fixed Income Fund – Series 3 IFSC LLP has been set up as a limited liability partnership (LLP) under the Limited Liability Partnership Act, 2008. The LLP vehicle is also known as Vivriti India Retail Assets Fund (VIRAF/the fund), a close-ended fund. Its term began from the date of initial closing (March 2023) and will expire upon the completion of 10 years from the date of initial closing. It will carry on the activity of a restricted scheme (non-retail scheme) as a Category III AIF under IFSCA FME regulations. The fund has registered itself with the Securities and Exchange Board of India (SEBI) as a Category I foreign portfolio investor under SEBI FPI regulations. As of January 2026, its AUM stood at Rs.1,460+ crore with investments across 73 instruments. It has drawn down debt of $90 million and deployed capital of $166.5 million.

The investment manager, Vivriti Asset Management Private Limited (IFSC branch), is registered as an FME (non-retail) vide a certificate of registration issued by International Financial Services Centre Authority (IFSCA) under FME regulations. The investment manager will select investment opportunities and manage investment decisions on behalf of the fund.

The fund seeks superior risk-adjusted returns by investing primarily in pass-through certificates (PTCs) with the balance in non-convertible debentures (NCDs) or bonds. Its objective is to direct capital towards financial inclusion and small and medium-sized businesses and enable foreign capital to tap into the Indian securitisation market. The fund has elected to invest via the FPI Voluntary Retention Route (VRR) route.

Key financial indicators

	*FY2024[4]	*FY2025	*9MFY2026
Total income	4.0	9.88	14.38
Profit after tax (PAT)	1.6	3.23	-1.23
PAT/OI	40%	33%	-9%
Total outside liabilities/Net worth (times)	0.91	0.86	1.29

*Source: Company; Amount in $ million; OI – Operating income *Unrealised FX losses are reflected in the financials; however, MTM gains on hedging instruments are recognised only upon realisation as per IGAAP and the fund's accounting policy.*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2026)				Chronology of Rating History for the Past 3 Years		
	Type	Amount Rated ($ million)*	Amount Outstanding ($ million)*	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023
				Mar 31, 2026	Jan 09, 2025	Nov 22, 2023	-
Term loans	Long term	5.00	5.00	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	-

** Equivalent to Rs. 42.00 crore*

Complexity level of the rated instrument

Instrument	Complexity Indicator
Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

[4] *Fund was incorporated in May 2023*

Annexure I: Instrument details

ISIN	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated ($ million)	Current Rating and Outlook
Yet to be placed	Term loan	Yet to be sanctioned	To be decided	To be decided	5.00	[ICRA]AA+ (Stable)

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Not applicable

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